



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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**NEWS RELEASE**

FOR RELEASE February 7, 2003 Contact: Andy Nielsen 515/281-5515

The Office of Auditor of State today released an audit report on Adams County, Iowa.

The County had local tax revenue of \$5,554,551 for the year ended June 30, 2002, which included \$424,636 in tax credits from the state. The County forwarded \$3,778,636 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$1,775,915 of the local tax revenue to finance County operations, a 1.5 percent decrease from the prior year. Other revenues included \$2,226,504 from the state, including indirect federal funding, and \$37,356 in interest on investments.

Expenditures for County operations totaled \$4,336,642, a 15.5 percent decrease from the prior year. Expenditures included \$1,738,982 for roads and transportation, \$505,510 for public safety and \$456,706 for mental health. The significant decrease in expenditures is due primarily to the completion of a rural water project funded by a Community Development Block grant in the prior year.

The report contains recommendations to various County officials. For example, accounting duties in the County Recorder's Office should be segregated to the extent possible to ensure maximum control over receipts, disbursements, and reconciling. The report also recommended compliance with various statutory requirements of the Code of Iowa. County officials have responded that corrective action is being taken on each item in the report.

A copy of the audit report is available for review in the office of the Auditor of State and the County Auditor's Office.

# # #



**ADAMS COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2002**

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## **Adams County**

### **Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
James R. Amdor	Board of Supervisors	Jan 2003
Phyllis Mullen	Board of Supervisors	Jan 2003
Kevin Wynn	Board of Supervisors	Jan 2003
Mark Olive	Board of Supervisors	Jan 2005
Verlyn Rice	Board of Supervisors	Jan 2005
Donna West	County Auditor	Jan 2005
Marcus Carr	County Treasurer	Resigned
Nancy Kempton	County Treasurer	Nov 2002
Mary Miller	County Recorder	Jan 2003
Merlin Dixon	County Sheriff	Jan 2005
Earl Hardisty	County Attorney	Jan 2003
Carolyn Burroughs	County Assessor	Jan 2006

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Independent Auditor's Report

To the Officials of Adams County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Adams County, Iowa, as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of Adams County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the general fixed assets account group, which should be included in order to conform with U.S. generally accepted accounting principles. The amount that should be recorded in the general fixed assets account group is not known. Also, the County has not included materials and supplies inventory, pertaining primarily to the Special Revenue Funds, although required by U.S. generally accepted accounting principles. The amounts of such inventory are not determinable.

In our opinion, except for the effects on the general purpose financial statements of the omissions described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Adams County at June 30, 2002, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles. Also, the Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget (Cash Basis) presents fairly, in all material respects, the cash transactions and the legally adopted budget of the governmental fund types and expendable trust fund of Adams County for the year ended June 30, 2002.

In accordance with Government Auditing Standards, we have also issued our report dated November 27, 2002 on our consideration of Adams County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the

three years ended June 30, 2001 (none of which are presented herein) and expressed qualified opinions on those financial statements for the effects of the omission of the general fixed assets account group and the materials and supplies inventory pertaining primarily to the Special Revenue Funds. The supplemental information included in Schedules 1 through 10, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 27, 2002



## **Financial Statements**

Adams County  
Combined Balance Sheet  
All Fund Types and Account Group  
June 30, 2002

	Governmental	
	General	Special Revenue
<b>Assets and Other Debits</b>		
Cash and pooled investments:		
County Treasurer	\$ 321,353	988,404
Other County officials	-	-
Receivables:		
Property tax:		
Delinquent	282	230
Succeeding year	892,000	695,000
Interest and penalty on property tax	181	-
Accounts	16,241	95
Accrued interest	382	-
Crossroads Mental Health Center loan (note 7)	520	-
Due from other funds (note 3)	9,374	831
Due from other governments	16,788	311,113
Amount available in Debt Service Fund	-	-
Amount to be provided for retirement of general long-term debt	-	-
<b>Total assets and other debits</b>	<b>\$ 1,257,121</b>	<b>1,995,673</b>
<b>Liabilities and Fund Equity</b>		
Liabilities:		
Excess of outstanding checks over bank balance	\$ -	-
Accounts payable	34,033	144,611
Salaries and benefits payable	862	16,564
Due to other funds (note 3)	-	2,965
Due to other governments (note 4)	8,079	46,231
Trusts payable	-	-
Deferred revenue:		
Succeeding year property tax	892,000	695,000
Other	553	14
Notes payable (note 5)	-	-
Compensated absences	5,375	10,378
Total liabilities	940,902	915,763
Fund equity:		
Fund balances:		
Reserved for:		
Supplemental levy purposes	100,383	-
Debt service	-	-
Unreserved	215,836	1,079,910
Total fund equity	316,219	1,079,910
<b>Total liabilities and fund equity</b>	<b>\$ 1,257,121</b>	<b>1,995,673</b>

See notes to financial statements.

<u>Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Total</u>
<u>Debt</u>	<u>Trust and</u>	<u>General</u>	<u>(Memorandum</u>
<u>Service</u>	<u>Agency</u>	<u>Long-Term</u>	<u>Only)</u>
		<u>Debt</u>	
519	283,624	-	1,593,900
-	11,175	-	11,175
8	993	-	1,513
28,000	3,311,000	-	4,926,000
-	-	-	181
-	-	-	16,336
-	91	-	473
-	-	-	520
-	2,824	-	13,029
-	82,850	-	410,751
-	-	527	527
-	-	550,558	550,558
28,527	3,692,557	551,085	7,524,963
-	1,879	-	1,879
-	5,514	-	184,158
-	-	-	17,426
-	10,064	-	13,029
-	3,657,679	-	3,711,989
-	627	-	627
28,000	-	-	1,615,000
-	-	-	567
-	-	502,944	502,944
-	5,430	48,141	69,324
28,000	3,681,193	551,085	6,116,943
-	-	-	100,383
527	-	-	527
-	11,364	-	1,307,110
527	11,364	-	1,408,020
28,527	3,692,557	551,085	7,524,963

Adams County

Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - All Governmental Fund Types  
and Expendable Trust Fund

Year ended June 30, 2002

	Governmental	
	General	Special Revenue
Revenues:		
Property and other County tax	\$ 928,163	694,552
Interest and penalty on property tax	17,189	-
Intergovernmental	278,811	2,361,310
Licenses and permits	7,495	420
Charges for service	172,345	6,857
Use of money and property	101,919	337
Miscellaneous	44,009	30,704
Total revenues	1,549,931	3,094,180
Expenditures:		
Operating:		
Public safety	478,609	26,901
Court services	17,357	-
Physical health and education	184,317	21,510
Mental health	-	456,706
Social services	75,716	55,270
County environment	237,797	29,823
Roads and transportation	-	1,738,982
State and local government services	140,823	2,174
Interprogram services	426,336	-
Non-program	29,849	-
Debt service	-	-
Capital projects	-	340,841
Total expenditures	1,590,804	2,672,207
Excess (deficiency) of revenues over (under) expenditures	(40,873)	421,973
Other financing sources (uses):		
Sale of general fixed assets	180	-
Operating transfers in	3,000	550,231
Operating transfers out	(38,811)	(564,453)
Total other financing sources (uses)	(35,631)	(14,222)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(76,504)	407,751
Fund balances beginning of year	392,723	672,159
Fund balances end of year	\$ 316,219	1,079,910

See notes to financial statements.

Fund Types	Fiduciary Fund Type	Total
Debt Service	Expendable Trust	(Memorandum Only)
26,218	-	1,648,933
-	-	17,189
2,219	-	2,642,340
-	-	7,915
-	-	179,202
-	-	102,256
-	-	74,713
28,437	-	4,672,548
-	-	505,510
-	-	17,357
-	-	205,827
-	-	456,706
-	-	130,986
-	-	267,620
-	-	1,738,982
-	-	142,997
-	-	426,336
-	-	29,849
73,631	-	73,631
-	-	340,841
73,631	-	4,336,642
(45,194)	-	335,906
-	-	180
45,033	5,000	603,264
-	-	(603,264)
45,033	5,000	180
(161)	5,000	336,086
688	6,364	1,071,934
527	11,364	1,408,020

**Exhibit C****Adams County**

**Comparison of Receipts, Disbursements and  
Changes in Balances - Actual to Budget (Cash Basis)  
All Governmental Fund Types and Expendable Trust Fund**

Year ended June 30, 2002

	Actual	Amended Budget	Variance - Favorable (Unfavorable)	Actual as % of Amended Budget
<b>Receipts:</b>				
Property and other County tax	\$ 1,648,815	1,637,749	11,066	101%
Interest and penalty on property tax	17,453	5,010	12,443	348%
Intergovernmental	2,486,975	2,900,788	(413,813)	86%
Licenses and permits	8,045	8,575	(530)	94%
Charges for service	165,542	143,170	22,372	116%
Use of money and property	113,905	132,678	(18,773)	86%
Miscellaneous	64,268	76,570	(12,302)	84%
Total receipts	<u>4,505,003</u>	<u>4,904,540</u>	<u>(399,537)</u>	<u>92%</u>
<b>Disbursements:</b>				
Public safety	505,080	683,221	178,141	74%
Court services	16,740	23,450	6,710	71%
Physical health and education	199,665	207,978	8,313	96%
Mental health	453,213	516,148	62,935	88%
Social services	143,252	175,656	32,404	82%
County environment	282,017	333,458	51,441	85%
Roads and transportation	1,917,744	2,431,500	513,756	79%
State and local government services	142,244	160,983	18,739	88%
Interprogram services	428,808	468,991	40,183	91%
Non-program	30,820	30,916	96	100%
Debt service	73,631	73,633	2	100%
Capital projects	246,490	525,000	278,510	47%
Total disbursements	<u>4,439,704</u>	<u>5,630,934</u>	<u>1,191,230</u>	<u>79%</u>
Excess (deficiency) of receipts over (under) disbursements	65,299	(726,394)		
Other financing sources, net	<u>2,566</u>	-		
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	67,865	(726,394)		
Balance beginning of year	<u>1,253,775</u>	<u>3,184,053</u>		
Balance end of year	<u>\$ 1,321,640</u>	<u>2,457,659</u>		

See notes to financial statements.

Adams County

Notes to Financial Statements

June 30, 2002

**(1) Summary of Significant Accounting Policies**

Adams County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

**A. Reporting Entity**

For financial reporting purposes, Adams County has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Adams County Assessor's Conference Board and the South Central Iowa Regional E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County.

The County also participates in the following jointly governed organizations: Creston Cluster Decat Program, Adams and Taylor Counties Regional Service Agency, and South Iowa Area Detention Service Agency.

## B. Fund Accounting

The accounts of the County are organized on the basis of funds and account group, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. The various funds and account group and their designated purposes are as follows:

### Governmental Funds

General Fund – The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue Funds – The Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

Debt Service Fund – The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

### Fiduciary Funds

Trust Funds – The Trust Funds are used to account for assets held by the County in a trustee capacity. These include expendable trust funds which are accounted for in essentially the same manner as Governmental Funds.

Agency Funds – The Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

### Account Group

General Long-Term Debt – This account group is established to account for long-term debt of the County. Long-term liabilities expected to be financed from Governmental Funds are accounted for in this Account Group, not in the Governmental Funds.

## C. Measurement Focus

Governmental Funds and the Expendable Trust Fund are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources." Governmental Fund and the Expendable Trust Fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.



D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The assets and liabilities of the Agency Funds are accounted for using the modified accrual basis of accounting.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

E. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

Property Tax Receivable – Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2000 assessed property valuations; is for the tax accrual period July 1, 2001 through June 30, 2002 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2001.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2002, balances of interfund amounts receivable or payable have been recorded.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, as well as delinquent property tax receivables and other receivables not collected within sixty days after year end.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. Accumulated sick leave is paid at 50%, not to exceed 360 hours, upon retirement or death. For the Agency Funds, these accumulations are recorded as liabilities in the year earned. In the Governmental Funds, the cost of vacation and sick leave payments expected to be liquidated currently are recorded as liabilities of the Governmental Fund. A liability has been recorded in the General Long-Term Debt Account Group representing the County's commitment to fund non-current compensated absences. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2002.

#### F. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutory prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 12 major classes of expenditures known as service areas, not by fund or fund type. These 12 service areas are: public safety, court services, physical health and education, mental health, social services, county environment, roads and transportation, state and local government services, interprogram services, non-program, debt service and capital projects. Service area disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, and the expendable trust fund. Although the budget document presents service area disbursements by fund, the legal level of control is at the aggregated service area level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council and for the County Assessor by the County Conference Board.

Exhibit C is a comparison of cash basis receipts, disbursements and changes in balances with the cash basis budget, which is legally controlled by service area, not fund type. Operations and ending fund balances on the cash and modified accrual basis have been reconciled as follows:

	Governmental Fund Types					
	General			Special Revenue		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	\$ 1,534,999	14,932	1,549,931	2,941,567	152,613	3,094,180
Expenditures	1,599,417	(8,613)	1,590,804	2,766,656	(94,449)	2,672,207
Net	(64,418)	23,545	(40,873)	174,911	247,062	421,973
Other financing sources (uses)	(33,245)	(2,386)	(35,631)	(14,222)	-	(14,222)
Beginning fund balances	419,016	(26,293)	392,723	827,715	(155,556)	672,159
Ending fund balances	\$ 321,353	(5,134)	316,219	988,404	91,506	1,079,910

  

	Governmental Fund Types			Fiduciary Fund Type		
	Debt Service			Expendable Trust		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	\$ 28,437	-	28,437	-	-	-
Expenditures	73,631	-	73,631	-	-	-
Net	(45,194)	-	(45,194)	-	-	-
Other financing sources (uses)	45,033	-	45,033	5,000	-	5,000
Beginning fund balances	680	8	688	6,364	-	6,364
Ending fund balances	\$ 519	8	527	11,364	-	11,364

  

	Total		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	\$ 4,505,003	167,545	4,672,548
Expenditures	4,439,704	(103,062)	4,336,642
Net	65,299	270,607	335,906
Other financing sources (uses)	2,566	(2,386)	180
Beginning fund balances	1,253,775	(181,841)	1,071,934
Ending fund balances	\$ 1,321,640	86,380	1,408,020

G. Total (Memorandum Only)

The total column on the combined balance sheet and the combined statement of revenues, expenditures and changes in fund balances is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2002 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

**(3) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2002 is as follows:

Due from	Due to	
Receivable Fund	Payable Fund	Amount
General	Trust and Agency:	
	Recorder	\$ 7,194
	Auto License and Use Tax	2,039
	Special Revenue:	
	Mental Health	141
Special Revenue		
County Recorder's Records	Trust and Agency:	
Management	Recorder	321
Drivers License	Auto License and Use Tax	510
Trust and Agency	Special Revenue:	
Case Management	Mental Health	2,824
Total		<u>\$ 13,029</u>

**(4) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The Agency Fund collections also include accruals of property tax for the succeeding year. The tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	\$ 8,079
Special Revenue:		
Secondary Roads	Services	1,292
Decategorization Project		1,030
Mental Health		43,909
		<u>46,231</u>
Trust and Agency:		
County Assessor	Collections	185,632
Schools		2,580,070
Community Colleges		118,397
Corporations		443,323
Auto License and Use Tax		56,441
All other		273,816
		<u>3,657,679</u>
Total		<u>\$ 3,711,989</u>

**(5) Changes in Long-Term Debt**

A summary of changes in long-term debt for the year ended June 30, 2002 is as follows:

	General Obligation Notes	Compensated Absences	Total
Balance beginning of year	\$ 550,570	51,391	601,961
Additions	-	-	-
Reductions	47,626	3,250	50,876
Balance end of year	<u>\$ 502,944</u>	<u>48,141</u>	<u>551,085</u>

The County has issued notes for the remodeling of the Courthouse Building, including jail renovations. Details of the County's June 30, 2002 general obligation capital loan note indebtedness are as follows:

Year Ending June 30,	General Obligation Capital Loan Notes							
	Series 1998				Series 1998B			
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
2003	4.40%	\$ 40,000	11,783	51,783	4.70%	\$ 10,000	10,895	20,895
2004	4.45	40,000	10,023	50,023	4.75	10,000	10,425	20,425
2005	4.50	40,000	8,242	48,242	4.80	10,000	9,950	19,950
2006	4.55	45,000	6,443	51,443	4.85	10,000	9,470	19,470
2007	4.60	45,000	4,395	49,395	4.90	10,000	8,985	18,985
2008	4.65	50,000	2,325	52,325	4.95	10,000	8,495	18,495
2009		-	-	-	5.00	50,000	8,000	58,000
2010		-	-	-	5.00	55,000	5,500	60,500
2011		-	-	-	5.00	55,000	2,750	57,750
Total		\$ 260,000	43,211	303,211		\$ 220,000	74,470	294,470

Year Ending June 30,	Capital Loan Note No. 1042-001				Total of all Issues		
	Interest Rates	Principal	Interest	Total	Principal	Interest	Total
2003	5.47%	\$ 2,772	1,218	3,990	\$ 52,772	23,896	76,668
2004	5.47	2,925	1,064	3,989	52,925	21,512	74,437
2005	5.47	3,088	902	3,990	53,088	19,094	72,182
2006	5.47	3,259	730	3,989	58,259	16,643	74,902
2007	5.47	3,439	550	3,989	58,439	13,930	72,369
2008	5.47	3,630	359	3,989	63,630	11,179	74,809
2009	5.47	3,831	158	3,989	53,831	8,158	61,989
2010		-	-	-	55,000	5,500	60,500
2011		-	-	-	55,000	2,750	57,750
Total		\$ 22,944	4,981	27,925	\$ 502,944	122,662	625,606

#### (6) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 5.50% and 8.25% respectively. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$85,167, \$80,879, and \$74,628, respectively, equal to the required contribution for each year.

**(7) Loans**

The County loaned \$5,200 to the Crossroads Mental Health Center. The interest free loan is to be repaid in 10 annual installments of \$520. The balance at June 30, 2002 is \$520.

**(8) Risk Management**

Adams County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 400 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2002 were \$69,338.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks, including automobile physical damage, are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated.

Accordingly, at June 30, 2002, no liability has been recorded in the County's financial statements. As of June 30, 2002, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(9) Industrial Development Revenue Bonds**

The County has issued a total of \$3,935,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$3,560,000 is outstanding at June 30, 2002. The bonds and related interest are payable solely from the rents payable by the tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the County.

**(10) Health Insurance**

The County has a group insurance policy which provides comprehensive medical coverage for eligible employees and, if elected, their spouses and dependents. The County's group insurance is a partial self-funded health plan. Under the partial self-funded plan, the County will reimburse the insurance company for an eligible employee's portion of the deductible as well as a portion of out-of-pocket expenses. The amount of the deductibles and out-of-pocket expenses for the employees and County are as follows:

	Deductible	
	Single	Family
Employee	\$ 100	200
County	1,400	2,800

  

	Out-of-Pocket	
	Single	Family
Employee	\$ 100	200
County	1,400	2,800



## **Supplemental Information**

**Adams County**

## Adams County

## General Fund

## Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

## Revenues:

## Property and other County tax:

Property tax	\$ 873,667	
Utility tax replacement excise tax	54,154	
Other	<u>342</u>	\$ 928,163

Interest and penalty on property tax		17,189
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## Intergovernmental:

## State shared revenues:

Franchise tax	<u>6,751</u>	
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## State grants and reimbursements including indirect federal funding:

Home care aide grant	25,525	
Human services administrative reimbursement	13,148	
Other	<u>37,082</u>	
	<u>75,755</u>	

## State tax replacements:

State tax credits	74,050	
State allocation	<u>48,680</u>	
	<u>122,730</u>	

## Direct federal grants and entitlements:

Public Safety Partnership and Community Policing grant	<u>4,842</u>	
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## Contributions and reimbursements from other governmental units:

Contract law enforcement	45,359	
Other	<u>23,374</u>	
	<u>68,733</u>	278,811

Licenses and permits		7,495
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**Schedule 1**

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## Adams County

## General Fund

## Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues (continued):		
Charges for service:		
Office fees and collections	45,540	
Auto registration, use tax and mailing	28,710	
Other	<u>98,095</u>	172,345
Use of money and property:		
Interest on investments	37,019	
Rent	<u>64,900</u>	101,919
Miscellaneous		<u>44,009</u>
Total revenues		<u>1,549,931</u>
Expenditures:		
Operating:		
Public safety		478,609
Court services		17,357
Physical health and education		184,317
Social services		75,716
County environment		237,797
State and local government services		140,823
Interprogram services		426,336
Non-program		<u>29,849</u>
Total expenditures		<u>1,590,804</u>
Deficiency of revenues under expenditures		<u>(40,873)</u>
Other financing sources (uses):		
Sale of general fixed assets		180
Operating transfers in (out):		
Special Revenue:		
Secondary Roads		(33,811)
Special Law Enforcement		3,000
Expendable Trust:		
Conservation Land Acquisition		<u>(5,000)</u>
Total other financing sources (uses)		<u>(35,631)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses		(76,504)
Fund balance beginning of year		<u>392,723</u>
Fund balance end of year		<u><u>\$ 316,219</u></u>

See accompanying independent auditor's report.

## Adams County

## General Fund

## Statement of Expenditures

Year ended June 30, 2002

## Public Safety Service Area:

## Law enforcement:

Investigations	\$ 151,449	
Law enforcement communication	165,155	
Adult correction services	11,192	
Administration	48,401	
	<u>376,197</u>	

## Legal services:

Criminal prosecution	53,226	
Medical examinations	233	
	<u>53,459</u>	

## Emergency services:

Ambulance services	41,649	
Emergency management	7,304	
	<u>48,953</u>	\$ 478,609

## Court Services Service Area:

## Assistance to district court system:

Research and other assistance	<u>10,392</u>	
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## Court proceedings:

Court costs	<u>3,716</u>	
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## Juvenile justice administration:

Juvenile victim restitution	1,632	
Court-appointed attorneys and court costs for juveniles	1,617	
	<u>3,249</u>	17,357

## Physical Health and Education Service Area:

## Physical health services:

Sanitation	15,166	
Health administration	143,801	
	<u>158,967</u>	

## Educational services:

Historic preservation	2,350	
Fair and 4-H clubs	23,000	
	<u>25,350</u>	184,317

## Social Services Service Area:

## Services to the poor:

Administration	15,058	
General welfare services	30,782	
	<u>45,840</u>	

**Schedule 2**

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## Adams County

## General Fund

## Statement of Expenditures

Year ended June 30, 2002

## Social Services Service Area (continued):

## Services to military veterans:

Administration	5,919	
General services to veterans	<u>1,917</u>	
	<u>7,836</u>	

## Children and family services:

Family protective services	<u>2,100</u>	
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## Services to other adults:

Services to the elderly	8,799	
Other social services	<u>4,626</u>	
	<u>13,425</u>	

## Chemical dependency:

Treatment services	1,627	
Preventive services	<u>4,888</u>	
	<u>6,515</u>	75,716

## County Environment Service Area:

## Environmental quality:

Natural resources conservation	<u>1,800</u>	
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## Conservation and recreation services:

Administration	53,575	
Maintenance and operations	<u>150,495</u>	
	<u>204,070</u>	

## Animal control:

Animal shelter	<u>19</u>	
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## County development:

Economic development	<u>31,908</u>	237,797
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## State and Local Government Services Service Area:

## Representation services:

Elections administration	12,617	
Elections	<u>10,765</u>	
	<u>23,382</u>	

## Adams County

## General Fund

## Statement of Expenditures

Year ended June 30, 2002

## State and Local Government Services Service Area (continued):

## State administrative services:

Motor vehicle registrations and licensing  
Recording of public documents

43,468	
73,973	
<u>117,441</u>	140,823

## Interprogram Services Service Area:

## Policy and administration:

General County management  
Administrative management services  
Treasury management services  
Other policy and administration

101,865
77,014
64,586
38,900
<u>282,365</u>

## Central services:

General services  
Data processing services  
Duplicating services

58,186
25,378
989
<u>84,553</u>

## Risk management services:

Safety of the workplace  
Fidelity of public officials

58,821	
597	
<u>59,418</u>	426,336

## Non-program Service Area:

County farm operations

29,849

Total

\$ 1,590,804

See accompanying independent auditor's report.

Adams County  
Special Revenue Funds  
Combining Balance Sheet  
June 30, 2002

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management
<b>Assets</b>				
Cash and pooled investments	\$ 47,271	412,819	5,505	5,820
Receivables:				
Property tax:				
Delinquent	178	-	-	-
Succeeding year	527,000	-	-	-
Accounts	-	95	-	-
Due from other funds	-	-	-	321
Due from other governments	-	285,297	-	-
<b>Total assets</b>	<b>\$ 574,449</b>	<b>698,211</b>	<b>5,505</b>	<b>6,141</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ 1,801	128,495	210	-
Salaries and benefits payable	-	16,340	-	-
Due to other funds	-	-	-	-
Due to other governments	-	1,292	-	-
Deferred revenue:				
Succeeding year property tax	527,000	-	-	-
Other	8	-	-	-
Compensated absences	-	10,378	-	-
Total liabilities	528,809	156,505	210	-
Fund equity:				
Unreserved fund balance	45,640	541,706	5,295	6,141
<b>Total liabilities and fund equity</b>	<b>\$ 574,449</b>	<b>698,211</b>	<b>5,505</b>	<b>6,141</b>

See accompanying independent auditor's report.



Mental Health	Special Law Enforcement	Law Enforcement Forfeiture	County Attorney Forfeiture	Drivers License Revenue	Decategorization Project	Total
162,911	313,704	11,400	2,383	19,591	7,000	988,404
52	-	-	-	-	-	230
168,000	-	-	-	-	-	695,000
-	-	-	-	-	-	95
-	-	-	-	510	-	831
-	17,938	-	-	-	7,878	311,113
330,963	331,642	11,400	2,383	20,101	14,878	1,995,673
11,271	482	-	-	-	2,352	144,611
224	-	-	-	-	-	16,564
2,965	-	-	-	-	-	2,965
43,909	-	-	-	-	1,030	46,231
168,000	-	-	-	-	-	695,000
6	-	-	-	-	-	14
-	-	-	-	-	-	10,378
226,375	482	-	-	-	3,382	915,763
104,588	331,160	11,400	2,383	20,101	11,496	1,079,910
330,963	331,642	11,400	2,383	20,101	14,878	1,995,673

Adams County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management
Revenues:				
Property and other County tax:				
Property tax	\$ 483,800	-	-	-
Utility tax replacement excise tax	34,030	-	-	-
Other	89	-	-	-
	517,919	-	-	-
Intergovernmental:				
State shared revenues:				
Road use tax	-	1,619,775	-	-
State grants and reimbursements including indirect federal funding:				
Social services block grant	-	-	-	-
Mental health allocation	-	-	-	-
Bridge replacement	-	138,042	-	-
Other	3,981	51,685	7,383	-
	3,981	189,727	7,383	-
State tax replacements:				
State tax credits	36,755	-	-	-
Mental health property tax relief	-	-	-	-
Other	2,853	-	-	-
	39,608	-	-	-
Contributions and reimbursements from other governmental units	-	-	-	-
	43,589	1,809,502	7,383	-
Licenses and permits	-	420	-	-
Charges for service	-	25	-	1,166
Use of money and property:				
Interest on investments	-	90	144	103

Mental Health	Special Law Enforcement	Law Enforcement Forfeiture	County Attorney Forfeiture	Drivers License Revenue	Decategorization Project	Total
166,262	-	-	-	-	-	650,062
10,306	-	-	-	-	-	44,336
65	-	-	-	-	-	154
176,633	-	-	-	-	-	694,552
-	-	-	-	-	-	1,619,775
29,171	-	-	-	-	-	29,171
5,532	-	-	-	-	-	5,532
-	-	-	-	-	-	138,042
-	-	-	-	-	61,009	124,058
34,703	-	-	-	-	61,009	296,803
14,092	-	-	-	-	-	50,847
172,314	-	-	-	-	-	172,314
3,439	-	-	-	-	-	6,292
189,845	-	-	-	-	-	229,453
-	215,279	-	-	-	-	215,279
224,548	215,279	-	-	-	61,009	2,361,310
-	-	-	-	-	-	420
-	-	-	-	5,666	-	6,857
-	-	-	-	-	-	337

Adams County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management
Revenues (continued):				
Miscellaneous	1,664	16,638	-	-
Total revenues	563,172	1,826,675	7,527	1,269
Expenditures:				
Operating:				
Public Safety Service Area:				
Emergency services:				
Ambulance services	17,866	-	-	-
Law enforcement:				
Administration	-	-	-	-
	17,866	-	-	-
Physical Health and Education Service Area:				
Educational services:				
Libraries	21,510	-	-	-
Mental Health Service Area:				
Persons with mental health problems - mental illness:				
Information and education services	-	-	-	-
Treatment services	-	-	-	-
Institutional, hospital, and commitment services	-	-	-	-
	-	-	-	-
Persons with chronic mental illness:				
Coordination services	-	-	-	-
Personal and environmental support	-	-	-	-
Treatment services	-	-	-	-
Vocational and day services	-	-	-	-
Licensed or certified living arrangements	-	-	-	-
Institutional, hospital, and commitment services	-	-	-	-
	-	-	-	-

Mental Health	Special Law Enforcement	Law Enforcement Forfeiture	County Attorney Forfeiture	Drivers License Revenue	Decategorization Project	Total
216	-	7,186	5,000	-	-	30,704
401,397	215,279	7,186	5,000	5,666	61,009	3,094,180
-	-	-	-	-	-	17,866
-	-	-	9,035	-	-	9,035
-	-	-	9,035	-	-	26,901
-	-	-	-	-	-	21,510
547	-	-	-	-	-	547
25,714	-	-	-	-	-	25,714
23,402	-	-	-	-	-	23,402
49,663	-	-	-	-	-	49,663
80	-	-	-	-	-	80
1,736	-	-	-	-	-	1,736
6,235	-	-	-	-	-	6,235
3,681	-	-	-	-	-	3,681
7,419	-	-	-	-	-	7,419
12,436	-	-	-	-	-	12,436
31,587	-	-	-	-	-	31,587

Adams County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management
Expenditures (continued):				
Operating:				
Mental Health Service Area:				
Persons with mental retardation:				
General administration	-	-	-	-
Coordination services	-	-	-	-
Personal and environmental support	-	-	-	-
Vocational and day services	-	-	-	-
Licensed or certified living arrangements	-	-	-	-
Institutional, hospital, and commitment services	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
Social Services Service Area:				
Children's and family services:				
Family protection services	-	-	-	-
County Environment Service Area:				
Environmental quality:				
Natural resources conservation	480	-	-	-
Weed eradication	7,338	-	-	-
	7,818	-	-	-
Conservation and recreation services:				
Maintenance and operations	-	-	11,445	-
County development:				
Economic development	10,560	-	-	-
	18,378	-	11,445	-
Roads and Transportation Service Area:				
Secondary roads administration and engineering:				
Administration	-	53,971	-	-
Engineering	-	105,955	-	-
	-	159,926	-	-

Mental Health	Special Law Enforcement	Law Enforcement Forfeiture	County Attorney Forfeiture	Drivers License Revenue	Decategor- ization Project	Total
11,983	-	-	-	-	-	11,983
5,536	-	-	-	-	-	5,536
14,440	-	-	-	-	-	14,440
60,471	-	-	-	-	-	60,471
217,085	-	-	-	-	-	217,085
65,941	-	-	-	-	-	65,941
375,456	-	-	-	-	-	375,456
456,706	-	-	-	-	-	456,706
-	-	-	-	-	55,270	55,270
-	-	-	-	-	-	480
-	-	-	-	-	-	7,338
-	-	-	-	-	-	7,818
-	-	-	-	-	-	11,445
-	-	-	-	-	-	10,560
-	-	-	-	-	-	29,823
-	-	-	-	-	-	53,971
-	-	-	-	-	-	105,955
-	-	-	-	-	-	159,926

Adams County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management
Expenditures (continued):				
Operating:				
Roads and Transportation Service Area:				
Roadway maintenance:				
Bridges and culverts	-	121,287	-	-
Roads	-	841,563	-	-
Snow and ice control	-	24,809	-	-
Traffic controls	-	27,391	-	-
Road clearing	-	98,684	-	-
	-	1,113,734	-	-
General roadway:				
Equipment	-	1,136	-	-
Equipment operations	-	354,579	-	-
Tool, materials, and supplies	-	87,175	-	-
Real estate and buildings	-	22,432	-	-
	-	465,322	-	-
	-	1,738,982	-	-
State and Local Government Services				
Service Area:				
Representation services:				
Township officials	648	-	-	-
State administrative services:				
Motor vehicle registrations and licensing	-	-	-	-
	648	-	-	-
Capital Projects Service Area:				
Other capital projects	-	213,157	-	-
Total expenditures	58,402	1,952,139	11,445	-
Excess (deficiency) of revenues over (under) expenditures	504,770	(125,464)	(3,918)	1,269



Mental Health	Special Law Enforcement	Law Enforcement Forfeiture	County Attorney Forfeiture	Drivers License Revenue	Decategorization Project	Total
-	-	-	-	-	-	121,287
-	-	-	-	-	-	841,563
-	-	-	-	-	-	24,809
-	-	-	-	-	-	27,391
-	-	-	-	-	-	98,684
-	-	-	-	-	-	1,113,734
-	-	-	-	-	-	1,136
-	-	-	-	-	-	354,579
-	-	-	-	-	-	87,175
-	-	-	-	-	-	22,432
-	-	-	-	-	-	465,322
-	-	-	-	-	-	1,738,982
-	-	-	-	-	-	648
-	-	-	-	1,526	-	1,526
-	-	-	-	1,526	-	2,174
-	127,684	-	-	-	-	340,841
456,706	127,684	-	9,035	1,526	55,270	2,672,207
(55,309)	87,595	7,186	(4,035)	4,140	5,739	421,973

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Adams County  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management
Other financing sources (uses):				
Operating transfers in (out):				
General	-	33,811	-	-
Special Revenue:				
Rural Services	-	516,420	-	-
Secondary Roads	(516,420)	-	-	-
Debt Service	-	-	-	-
Total other financing sources (uses)	(516,420)	550,231	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(11,650)	424,767	(3,918)	1,269
Fund balances beginning of year	57,290	116,939	9,213	4,872
Fund balances end of year	\$ 45,640	541,706	5,295	6,141

See accompanying independent auditor's report.

Mental Health	Special Law Enforcement	Law Enforcement Forfeiture	County Attorney Forfeiture	Drivers License Revenue	Decategorization Project	Total
-	(3,000)	-	-	-	-	30,811
-	-	-	-	-	-	516,420
-	-	-	-	-	-	(516,420)
-	(45,033)	-	-	-	-	(45,033)
-	(48,033)	-	-	-	-	(14,222)
(55,309)	39,562	7,186	(4,035)	4,140	5,739	407,751
159,897	291,598	4,214	6,418	15,961	5,757	672,159
104,588	331,160	11,400	2,383	20,101	11,496	1,079,910

**Schedule 5**

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## Adams County

## Debt Service Fund

## Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

## Revenues:

## Property and other County tax:

Property tax	\$ 24,683	
Utility tax replacement excise tax	1,525	
Other	<u>10</u>	\$ 26,218

## Intergovernmental:

## State tax replacements:

State tax credits	2,085	
State allocation	<u>134</u>	<u>2,219</u>
Total revenues		<u>28,437</u>

## Expenditures:

## Debt Service Service Area:

Bonds redeemed	47,626	
Interest paid	<u>26,005</u>	<u>73,631</u>

Deficiency of revenues under expenditures (45,194)

## Other financing sources:

## Operating transfers in:

## Special Revenue:

Special Law Enforcement		<u>45,033</u>
-------------------------	--	---------------

Deficiency of revenues and other financing sources  
under expenditures (161)

Fund balance beginning of year 688

Fund balance end of year \$ 527

See accompanying independent auditor's report.

Adams County  
Trust and Agency Funds  
Combining Balance Sheet  
June 30, 2002

	Expendable		
	Trust	Agency	Total
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 11,364	272,260	283,624
Other County officials	-	11,175	11,175
Receivables:			
Property tax:			
Delinquent	-	993	993
Succeeding year	-	3,311,000	3,311,000
Accrued interest	-	91	91
Due from other funds	-	2,824	2,824
Due from other governments	-	82,850	82,850
<b>Total assets</b>	<b>\$ 11,364</b>	<b>3,681,193</b>	<b>3,692,557</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Excess of outstanding checks over bank balance	\$ -	1,879	1,879
Accounts payable	-	5,514	5,514
Due to other funds	-	10,064	10,064
Due to other governments	-	3,657,679	3,657,679
Trusts payable	-	627	627
Compensated absences	-	5,430	5,430
Total liabilities	-	3,681,193	3,681,193
Fund equity:			
Unreserved fund balance	11,364	-	11,364
<b>Total liabilities and fund equity</b>	<b>\$ 11,364</b>	<b>3,681,193</b>	<b>3,692,557</b>

See accompanying independent auditor's report.

Adams County  
Expendable Trust Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Year ended June 30, 2002

	<u>Conservation Land Acquisition Trust</u>
Revenues	\$ -
Expenditures	<u>-</u>
Excess of revenues over expenditures	-
Other financing sources:	
Operating transfers in:	
General	<u>5,000</u>
Excess of revenues and other financing sources over expenditures	5,000
Fund balance beginning of year	<u>6,364</u>
Fund balance end of year	<u><u>\$ 11,364</u></u>

See accompanying independent auditor's report.

**Adams County**

Adams County  
Agency Funds  
Combining Balance Sheet  
June 30, 2002

	County Offices		Empower-
	County Recorder	County Sheriff	ment
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ -	-	46,688
Other County officials	10,707	468	-
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accrued interest	-	-	91
Due from other funds	-	-	-
Due from other governments	-	-	405
<b>Total assets</b>	<b>\$ 10,707</b>	<b>468</b>	<b>47,184</b>
<b>Liabilities</b>			
Liabilities:			
Excess of outstanding checks over bank balance	\$ -	-	-
Accounts payable	-	-	478
Due to other funds	7,515	-	-
Due to other governments	3,192	-	46,706
Trusts payable	-	468	-
Compensated absences	-	-	-
<b>Total liabilities</b>	<b>\$ 10,707</b>	<b>468</b>	<b>47,184</b>



Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpor- ations	Town- ships	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
1,053	91,395	48,251	2,362	11,252	1,550	58,990	18
-	-	-	-	-	-	-	-
16	28	819	35	71	24	-	-
54,000	100,000	2,531,000	116,000	432,000	77,000	-	1,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
55,069	191,423	2,580,070	118,397	443,323	78,574	58,990	1,018
-	-	-	-	-	-	-	-
-	361	-	-	-	-	-	-
-	-	-	-	-	-	2,549	-
55,069	185,632	2,580,070	118,397	443,323	78,574	56,441	1,018
-	-	-	-	-	-	-	-
-	5,430	-	-	-	-	-	-
55,069	191,423	2,580,070	118,397	443,323	78,574	58,990	1,018

Adams County  
Agency Funds  
Combining Balance Sheet  
June 30, 2002

	Iowa Organ Donor	Credit Card Trans- actions	Special Assess- ments
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	6	159	-
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accrued interest	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
<b>Total assets</b>	<b>6</b>	<b>159</b>	<b>-</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Excess of outstanding checks over bank balance	-	-	-
Accounts payable	-	-	-
Due to other funds	-	-	-
Due to other governments	6	-	-
Trusts payable	-	159	-
Compensated absences	-	-	-
<b>Total liabilities</b>	<b>6</b>	<b>159</b>	<b>-</b>

See accompanying independent auditor's report.

Advance Tax	Treasurer's Trust	CPC - Case Management Administration	Total
6,471	4,065	-	272,260
-	-	-	11,175
-	-	-	993
-	-	-	3,311,000
-	-	-	91
-	-	2,824	2,824
-	-	82,445	82,850
6,471	4,065	85,269	3,681,193

-	-	1,879	1,879
-	-	4,675	5,514
-	-	-	10,064
6,471	4,065	78,715	3,657,679
-	-	-	627
-	-	-	5,430
6,471	4,065	85,269	3,681,193

Adams County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	County Offices		Empower- ment
	County Recorder	County Sheriff	
<b>Assets and Liabilities</b>			
Balance beginning of year	\$ 6,780	369	49,409
Additions:			
Property and other County tax	-	-	-
State tax credits	-	-	-
Office fees and collections	64,924	141,108	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	-	-
Trusts	-	-	-
Miscellaneous	-	-	95,381
Total additions	64,924	141,108	95,381
Deductions:			
Agency Remittances:			
To other funds	24,884	16,410	-
To other governments	36,113	403	97,606
Trusts paid out	-	124,196	-
Total deductions	60,997	141,009	97,606
Balance end of year	\$ 10,707	468	47,184

Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpor- ations	Town- ships	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
53,306	170,714	2,334,275	113,945	479,945	76,887	66,320	1,023
57,511	106,525	2,686,709	123,857	421,959	83,500	-	921
4,716	9,136	206,827	10,098	60,626	6,173	-	78
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,001,184	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	2,368	-	-	-	-	-	-
62,227	118,029	2,893,536	133,955	482,585	89,673	1,001,184	999
-	-	-	-	-	-	34,400	-
60,464	97,320	2,647,741	129,503	519,207	87,986	974,114	1,004
-	-	-	-	-	-	-	-
60,464	97,320	2,647,741	129,503	519,207	87,986	1,008,514	1,004
55,069	191,423	2,580,070	118,397	443,323	78,574	58,990	1,018

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Adams County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	Iowa Organ Donor	Credit Card Trans- actions	Special Assess- ments
<b>Assets and Liabilities</b>			
Balance beginning of year	-	90	633
Additions:			
Property and other County tax	-	-	-
State tax credits	-	-	-
Office fees and collections	-	-	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	-	904
Trusts	-	-	-
Miscellaneous	25	69	-
Total additions	25	69	904
Deductions:			
Agency Remittances:			
To other funds	-	-	-
To other governments	19	-	1,537
Trusts paid out	-	-	-
Total deductions	19	-	1,537
Balance end of year	6	159	-

See accompanying independent auditor's report.

Advance Tax	Treasurer's Trust	CPC - Case Management Administration	Total
7,368	5,257	47	3,366,368
-	-	-	3,480,982
-	-	-	297,654
-	-	-	206,032
-	-	-	1,001,184
-	-	-	904
6,621	16,347	-	22,968
-	-	377,780	475,623
6,621	16,347	377,780	5,485,347
-	-	-	75,694
7,518	17,539	294,437	4,972,511
-	-	-	124,196
7,518	17,539	294,437	5,172,401
6,471	4,065	83,390	3,679,314

**Schedule 10**

## Adams County

## Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2002	2001	2000	1999
Taxes:				
Property tax	\$ 1,548,412	1,561,353	1,587,824	1,556,499
Utility tax replacement excise tax	100,015	103,537	-	-
Other	506	539	565	-
	<u>1,648,933</u>	<u>1,665,429</u>	<u>1,588,389</u>	<u>1,556,499</u>
Intergovernmental:				
State shared revenues:				
Road use tax	1,619,775	1,553,260	1,575,847	1,354,428
Other	6,751	3,230	3,573	15,651
State grants and reimbursements including indirect federal funding:				
Bridge replacement	138,042	-	-	-
Community development block grant	-	529,183	316,817	6,004
Social services block grant	29,171	30,124	30,957	31,766
Other	205,345	253,729	354,682	144,240
State tax replacements:				
State tax credits	126,982	136,770	139,867	148,906
State allocation	48,814	89,757	84,943	110,708
Mental health property tax relief	172,314	172,315	172,315	172,315
Other	6,292	877	900	28,878
Direct federal grants and entitlements:				
Public Safety Partnership and Community Policing grant	4,842	13,656	23,440	21,780
Contributions and reimbursements from other governmental units	<u>284,012</u>	<u>231,795</u>	<u>318,583</u>	<u>191,760</u>
	<u>2,642,340</u>	<u>3,014,696</u>	<u>3,021,924</u>	<u>2,226,436</u>
Total	<u>\$ 4,291,273</u>	<u>4,680,125</u>	<u>4,610,313</u>	<u>3,782,935</u>

See accompanying independent auditor's report



**Independent Auditor's Report on Compliance  
and on Internal Control Over Financial Reporting**

**Adams County**



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

David A. Vaudt, CPA  
Auditor of State

Independent Auditor's Report on Compliance  
and on Internal Control over Financial Reporting

To the Officials of Adams County:

We have audited the general purpose financial statements of Adams County, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon date November 27, 2002. Our report expressed a qualified opinion on the financial statements due to the omission of the general fixed assets account group and materials and supplies inventory pertaining primarily to the Special Revenue Funds which should be included in order to conform with U.S. generally accepted accounting principles.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Adams County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2002 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for item (2).

Internal Control over Financial Reporting

In planning and performing our audit, we considered Adams County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Adams County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. The prior year reportable condition has not been resolved and has been repeated as item (A).

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Adams County and other parties to whom Adams County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Adams County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 27, 2002

Adams County  
Schedule of Findings  
Year ended June 30, 2002

**Findings Related to the General Purpose Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITION:**

(A) Segregation of Duties - During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. Generally one or two individuals in the County Recorder's Office may have control over the following areas for which no compensating controls exist:

- (1) Receipts - opening and listing mail receipts, collecting, depositing, posting and daily reconciling.
- (2) Disbursements - check writing, check signing, posting, reconciling and final approval.
- (3) Bank reconciliations are not reviewed periodically by an independent person for propriety.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the County Recorder should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Response - With two persons in the Recorder's Office, the listed duties are shared by both except for the check signing. An independent department head performed the bank reconciliations. It is difficult in a small office to avoid incompatible duties.

Conclusion - Response accepted.

Adams County

Schedule of Findings

Year ended June 30, 2002

**Other Findings Related to Required Statutory Reporting:**

- (1) Official Depositories - A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002.
- (2) Certified Budget - Disbursements during the year ended June 30, 2002 did not exceed the amounts budgeted. However, disbursements in one department exceeded the amount appropriated prior to amendment.

Recommendation - Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department as long as the service area budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response - Department budgets will be amended timely in the future.

Conclusion - Response accepted.

- (3) Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 were noted.
- (4) Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (5) Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Mark Olive, Board of Supervisor's Member, owns The Print Shop	Conservation brochures	\$ 1,035
Rhonda Mothershed, Sheriff's Office employee, owns T & R Communications	Radio repairs	3,996
Kim Lundquist, Deputy Assessor, spouse owns Lundquist AC Service	Air conditioner repairs	595

In accordance with Chapter 331.342(10) of the Code of Iowa, the brochures purchased from The Print Shop and the air conditioning repairs from Lundquist AC Service do not appear to be a conflict of interest since total cumulative transactions by individual were less than \$1,500 during the fiscal year. The transactions for radio repairs may represent a conflict of interest.

Adams County

Schedule of Findings

Year ended June 30, 2002

Recommendation - The County should consult legal counsel to determine the disposition of this matter.

Response - The County Auditor has consulted with the Adams County Attorney regarding the above business transaction and will follow the advice of the County Attorney in the future.

Conclusion - Response accepted.

- (6) Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- (7) Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) Deposits and Pooled Investments - No instances of non-compliance with the deposit and pooled investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policies were noted.
- (9) Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (10) County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2002 for the County Extension Office did not exceed the amount budgeted.

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Adams County

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager  
Tammy A. Wolterman, Staff Auditor  
Jake P. Keegan, Assistant Auditor

Andrew E. Nielsen, CPA  
Deputy Auditor of State